

Statement of Rep. James P. Moran  
Hearing on

“Mitigating the Impact of High Gas Prices on the American  
Workforce”

Before the  
House Committee on Government Reform  
Subcommittee on Federal Workforce and Agency Organization

Wednesday, November 16, 2005

Good morning and thank you Mr. Chairman for conducting what I believe is a timely and what I hope will be an insightful hearing.

Washington, D.C. and its Virginia and Maryland suburbs are no more immune to the high price of gasoline than other regions in the country. Federal employees, like their private sector counterparts, have weathered the steady climb in gasoline prices that spiked dangerously upward following the disruption to oil production and refining facilities by Hurricanes Katrina and Rita.

While we appear to be on the downward slope of the spike in gasoline prices, as of last week the average price of regular gasoline was \$2.37 a gallon, we should take no comfort that the days of \$3.25 per gallon are behind us.

Long term forecasts by the Department of Energy and private industry both suggest that prices will continue to be volatile and demand will keep prices at or above current levels.

That means a higher portion of employee income is and will continue to be going toward keeping gas tanks filled, homes heated and food on dinner tables.

As we've learned, there is little the federal government can do over the short term to offset high energy prices. But my colleague Frank Wolf and I have been long time advocates of commuter friendly policies that are good for federal workers and also just so happen to have a positive impact on helping to offset the high price of gasoline. Moreover, many of these policies can easily be adopted in the private sector.

Frank has mentioned federal Telework and Telecommute programs that I support. Let me mention a third: employee transit benefits.

Federal workers in this region are fortunate to have a network of public and private transit services, van pools and car pooling options that enable them to leave their vehicles at home. There has been a substantial federal, public and local investment in the construction of Metrorail and Metrobus. Both Virginia and Maryland have invested heavily in establishing commuter rail services. And local governments and private entrepreneurs have set up a multitude of park and rides, bus and van pool services.

Through the Council of Government's "Commuter Connections" program, the Washington, D.C., region even offers peace of mind to transit users and carpoolers through its "Guaranteed Ride Home" that gives commuters, who need to get home in an emergency, a free taxi ride up to four times a year.

I recognize that transit is not possible for everyone, but where it can work, it should be supported. And, when it does work, its benefits extend to everyone. More transit riders and fewer cars on the road not only means less roadway congestion, but also less gas consumption, lower demand, and lower prices at the pump.

Where transit exists, the \$105 per month tax-free transit benefit can help provide the difference needed to get a critical mass of commuters out of their cars and into transit.

These benefits complement other smart policies - - like the current preference to locate federal facilities within walking distance of Metrorail stations - - that make transit an ideal solution to rising energy prices.

The federal transit benefit owes its origins to the Comprehensive National Policy Act of 1992, Public Law 102-486. This law enabled employers, government and non-government alike, to provide their employees a tax-free cash benefit to cover the cost of commuting by transit or van pool.

For the federal government, however, the benefit was voluntary and few agencies provided the benefit. It wasn't until October 1, 2000 under Executive Order # 13150 that all executive branch agencies were directed to provide their employees in the national capital region with the full tax-free transit benefit.

The Metropolitan Washington Council of Government estimates that this benefit boosted daily federal employee transit benefit participation to more than 100,000 and reduced vehicle miles traveled between 40 million and 54 million annually.

I am indebted to the work of this committee in advancing legislation I introduced earlier this year, H.R. 1283, to expand this requirement to cover all federal employees in the national capital region including those who work in the legislative and judicial branches and the independent federal agencies.

Through the efforts of the Government Reform Committee, this proposal was added to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) legislation and became law this past August.

While it's not a complete picture, the transit benefit appears to be working. For this month of November, Metro's Metrocheck issued monthly transit benefits to approximately 155,000 federal workers and 79,000 private sector employees in the national capital region.

The Metrocheck program helps administer the transit benefit for Metro, local commuter rail and other local transit services.

That's an impressive participation rate, but it certainly is not the end to what we can do to encourage transit use.

First, parity must be established between the value of the tax-free parking benefit and the transit benefit. According to the IRS, the monthly tax-free limit for transit and vanpools in 2006 will remain at \$105 per month. Parking, however, will increase from \$200 to \$205 per month.

If the federal government and the private sector really want to help their employees, Congress should consider raising the monthly transit benefit level. The Senate SAFETEA-LU bill would have raised the nationwide transit benefit (private and fed rate) to \$200 a month - equal to the parking benefit. The provision was dropped in conference.

Second, the benefit should not be limited to those federal employees fortunate to live in the national capital region. It should be expanded to cover all federal employees everywhere where transit and van pools are available.

Third, we need to find more ways to encourage higher private sector participation. I have here the Metropolitan Washington Council of Government's *2004 State of the Commute Survey Results*. According to the survey, only 34 percent of this region's non-profits and 18 percent of the private sector even offer their employees the transit benefit.

If these results reflect a broader national pattern, then Congress might want to test the feasibility of additional programs and incentives that would encourage greater private sector participation. It may be as simple as getting the word out to more companies and employees. When employees learn about the program, their employers often follow suit and offer the benefit.

In conclusion, transit benefits are an important public policy tool to promote healthier life styles, reduce traffic congestion and air pollution, and lower gasoline consumption. Its widespread use, and therefore its effectiveness, is dependent on a

combination of factors that can help conserve fuel and in doing so, help employees offset the higher price of gasoline.

Thank you.